STATE OF NEW MEXICO

TAXATION & REVENUE DEPARTMENT

Revenue Processing Division

General Specifications and Approval Procedures for the Reproduction of New Mexico State Tax Forms

A Guide for Form Vendors & Software Developers

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NOTE: Red text indicates important changes
from the previous year's publication.

INTRODUCTION

Form vendors and software developers who propose to reproduce, develop, distribute and or use New Mexico tax forms must receive approval to generate any *substitute*[1] New Mexico state tax form. A substitute form must meet the requirements of the New Mexico Taxation and Revenue Department (TRD) and must be approved prior to release or distribution. TRD reserves the right to reject substitute forms with poor legibility or forms that do not meet the Department's requirements.

Once approved, additional approvals are not needed until a new version of the form or specifications is released. Software developers and form vendors are responsible for ensuring that they are using the most current version of the form, instructions and specifications.

New Mexico also supports electronic transmission of personal income tax and Combined Reporting System (CRS-1) tax returns. Electronically transmitted personal income tax returns are discussed in the following documents: "*Handbook for Electronic Filing of 2009 Personal Income Tax Returns*", and "*2009 Personal Income Tax Fed/State Electronic Filing System Specifications*". Both publications are available on the TRD web site. For information on e-filing a CRS-1 return, see the TRD web site. Click on "E-Services".

The State of New Mexico Department of Workforce Solutions, Taxation and Revenue Department and the Workers' Compensation Administration now have a Unified Log-on System. One of the features of this system is the bulk filing of certain reports or returns. The web site https://ec3.state.nm.us/nmwebfile/Default.aspx introduces you to a new area of e-Business with the State of New Mexico.

GENERAL INFORMATION FOR SUBSTITUTE FORMS

Electronic tax forms are available from the Taxation and Revenue Department web site, www.tax.state.nm.us. Click on "Forms" and select the tax program. These forms can be locally printed, completed by hand and submitted to the Department for processing. Any electronic form found elsewhere is a *substitute* form and would have specific limitations regarding its reproduction and use. The form vendor or software developer that makes available a *substitute* form is responsible for the correct reproduction and use.

New Mexico state tax forms should not be altered in any way. For example: A 2008 income tax form cannot be used to file a 2009 tax return. A Department supplied or approved form that has been altered by a taxpayer or tax preparer will be rejected.

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[1] A substitute form is any produced and made available by any entity other than TRD.

There are two types of substitute forms, scannable[2] and non-scannable. *The Tax Forms Revision and Release Dates* document on the *Software Developer* web page identifies scannable and non-scannable forms, revision dates, and anticipated release dates of tax year specific scannable forms. To access the Software Developer web page, go to www.tax.state.nm.us, click on Tax Professionals, and select the *Software Developers Secured Site*. This is a password-protected site. Information specific to the needs of form vendors and software developers will be posted here. Notification of changes to the User ID and Password to this site is sent to members of the National Association of Computerized Tax Processors (NACTP). If you are not a member of the NACTP but wish to have access to this site, or you cannot find the form you need, contact Rose Romero at (505) 827-2481 or rose.romero@state.nm.us.

New Mexico follows the Tax Form Design Standards and Guidelines set by the NACTP. The guidelines and standards document can be found on the NACTP web page at www.nactp.org.

USING ANOTHER VENDOR'S FORM

You must submit for testing and approval, any form approved under another vendor and used in your program. This is to verify that the forms created by your software are still in compliance with the Department's requirements.

GENERAL TAX FORM DESIGN STANDARDS

Paper and Ink

Paper size = 8 ½ inches x 11 inches
Paper printing = single-sided
Paper weight = 20-pound bond
Paper color = white
Ink = black non-Micr
Carbon and carbon-bonded paper may not be used

Form Text Design

Paper orientation = portrait
Text fonts = Arial (Helvetica), even sizes between 6 and 14 point
Lines per vertical inch = 6 (1/6 inch) vertically
Characters per horizontal inch = 10 (1/10 inch) horizontally
Margin = ½-inch margin on all sides
Vertical printable area:
    First line = row 4
    Last line = row 63
Horizontal printable area:
    First printable space = column 6
    Last printable space = column 80
Graphics or special characters cannot deviate from those used in the *Form Design Image*.

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[2] A scannable form is one that has features recognized by TRD automated processing equipment.

Printed Variable Data[3]

Variable data font = Courier , 10 point, 12 point.

Use as per the *Form Design Image*.

Upper case *only*.

Leading dollar signs are not allowed in the amount field.

Leading zeros are not allowed unless specifically requested.

Use a leading dash placed immediately to the left of the left-most character to indicate negative amounts where applicable.

Leave the field blank when the amount is zero unless specifically requested.

Leave all fields within a schedule blank unless the schedule is required.

When dollar rounding is **required** round as follows: ≤ 0.49 rounds down, ≥ 0.50 rounds up to the whole dollar. DO NOT include decimals on a number rounded to the dollar.

Percentage or ratio may be calculated to two to four decimal places. (e.g. 0.43, 0.043, or 0.0043). Refer to the instructions or the *Form Design Image* to determine the correct decimal places to use for each ratio or percentage field.

GENERAL SCANNABLE FORM DESIGN FEATURES

VENDOR CODE

The vendor code is a four-digit code identifying the Software Developer whose application produced the scannable form. The National Association of Computerized Tax Processors (NACTP) assigns the vendor codes. If you do not have a vendor code, contact Rose Romero at (505) 827-2481 for more information. Your code must be placed as specified on the form design image. Should a second company be responsible for creating the variable data, their four-digit vendor code should be placed immediately to the right of the first vendor code. The vendor responsible for the creation of the 3 of 9 bar code and the PDF 417 (2D) bar code will place its vendor code within the bar code data.

SOFTWARE PRODUCT CODE

A software product code may be required. The software product code is a vendor defined product number, which reflects the software product. This will consist of 1 numeric digit between "0" and "9". The software company must notify the Department of the software number they are using and the name of the product using the number. The software product code is printed near the vendor code, where indicated on the form design image.

Important: Each software product produced by your company must have a separate product number. DO NOT combine multiple products produced by your company (vendor code) under one software product code.

FORM VERSION CODE

A form version code is required. The software developer's form version code is a one-digit number which reflects the version of the form as submitted by the software developer. The number begins with "1" for the first version submitted to the Department for approval. Each

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[3] "Variable Data" is taxpayer specific information.

subsequent submission will require that the form version code be incremented by 1, until approved. For each scannable PIT form or schedule, PIT-1, PIT-S, PIT-ADJ, PIT-RC, PIT-D, PIT-B, PIT-CR or PIT-X, a separate form version code is required and must begin with "1" and incremented by 1 until the form is approved. Once the form is approved, that version number should be reflected on each form or schedule the Department receives throughout the year. Should the form need revision at a later point, then the form must be resubmitted with a new version number (the previously approved form version number incremented by one). Form version codes are printed on or near the upper left-hand corner of the form or schedule as indicated on the form design image.

PRINTED SCAN LINE DATA

Some TRD forms have a scan line. The specifics for this Design Feature will be found on the *Form Specification and Approval Procedures* for the forms that have a scan line. Scan lines are machine-readable and require exact font and placement on the printed form. There are two variations of the scan line, one specific to income tax form payment vouchers -- and the second to other miscellaneous tax programs.

PRINTED 3 OF 9 BAR CODE DATA

Some TRD forms have a 3 of 9 bar code. The specifics for this Design Feature will be found on the *Form Specification and Approval Procedures* for the forms that have them. The 3 of 9 bar codes are placed in the upper right-hand corner of the forms, within the area depicted on the *Form Design Images*. The 3 of 9 bar code is an eight (8)-digit number that identifies the form and the software developer or form vendor that produces the form. This design feature assists the Department with managing the imaged document.

PRINTED 2D BAR CODE DATA

The "PDF417" (2D) Bar Code is optional for the personal income tax form. **The Department strongly recommends that you utilize the 2D Bar Code on the scannable personal income tax form created by your software program.** See the following section on *Mandate*. The advantage to the Department includes - but is not limited to - faster processing of the paper form, fewer data entry errors, and less overhead. The 2D Bar Code contains the taxpayer's return information, which is directly uploaded from the 2D Bar Code printed on the form. If the 2D Bar Code is not read because the printer considerations were not followed when printing the form, then the form is routed for data entry. A properly printed 2D Bar Code will reduce the amount of time required to process a return, and may result in a faster refund for the taxpayer.

New Mexico follows the 2D Bar Code Standards and Guidelines set by the NACTP. The guidelines and standards document can be found on the NACTP web site at www.nactp.org. *The PDF 417 (2D) Bar Code Specifications and Approval Procedures* document fully describes this design feature.

MANDATE: Beginning January 1, 2008, paid tax practitioners who prepare more than 25 New Mexico personal income tax returns must ensure that each return is submitted using a department-approved electronic media, unless the taxpayer whose return is being prepared requests otherwise. When a preparer fails to comply with this requirement, a $5 penalty is assessed for each personal income tax return the preparer generates. The 2D bar code will

substitute for an electronic filed return, satisfying the paid tax preparers' requirements to ensure personal income tax returns they prepare are electronically filed.

SOFTWARE DEVELOPER'S 2D BAR CODE VERSION NUMBER

A software developer's 2D Bar code version number is a number which reflects the version of the 2D bar code as submitted by the software developer. The number begins with "01" for the first version submitted to the Department for approval. Each subsequent submission will require that the number is incremented by "01". For each software product that produces the 2D bar code on Form PIT-1, as identified by the vendor number and software product code, a 2D bar code version number should begin with "01", and will increment by 1, until the 2D bar code is approved. Once the 2D bar code version number is approved, that version number should be reflected in each 2D bar code that the Department receives throughout the year. If the 2D bar code needs revision at a later point, then the 2D bar code must be resubmitted with a new version number (the previously approved 2D bar code version number, incremented by one). The 2D bar code version number is not printed on the form.

Important: Each software product which produces a 2D bar code must have a separate product number. DO NOT combine multiple products produced by your company (vendor code) under one software product code.

APPROVAL PROCEDURES FOR SUBSTITUTE FORMS

There are two different procedures for getting a substitute form approved, one for non-scannable and the other for scannable forms. To avoid delays, ensure that you are using the correct approval process for the type of form that you wish to reproduce. Follow the procedures below for non-scannable forms. Scannable forms require the *Form Specification and Approval Procedures* and the *Form Design Image* that is specific to each substitute form. The *Form Specification and Approval Procedures* document provides specific instructions for approval of the scannable form(s).

APPROVAL FOR NON-SCANNABLE FORMS

To obtain approval to generate non-scannable, substitute forms that are electronically completed and printed, submit two sample copies of the form(s) to TRD. Non-scannable forms can be submitted for approval at any time during the year. The first form should contain no taxpayer "variable" data. The second form is to be "full-field" filled[4]. The form vendor or software developer is responsible for ensuring that their product contains the latest version of each form. Review the *Tax Form Revision and Release Dates* document published on the Software Developer web page to obtain anticipated release dates of revised or new forms.

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[4] "Full-field" filled is a form with a character filling all possible locations and positions for variable data, i.e., "9" for numeric and "X" for alpha/numeric values.

Approval packages are to be submitted by mail or in PDF format via the Internet. Fax copies cannot be accepted. TRD will notify you of approval status within 10 working days of receipt. Submit non-scannable forms (other than the CRS-1 short form) to:

> New Mexico Taxation and Revenue Department
> Attention: James Kirchmeier
> Joseph Montoya Building
> 1100 S. St. Francis Drive, Room 3109A
> Santa Fe, NM 87505
> (505) 827-0400
> Fax (505) 827-0178
> E-mail address: james.kirchmeier@state.nm.us

Submit non-scannable CRS-1 short form to:

> New Mexico Taxation and Revenue Department
> Revenue Processing Division
> Attention: Rose Romero
> Manuel Lujan Sr. Building
> 1200 S. St. Francis Drive
> Santa Fe, NM 87505
> Fax (505) 827-2505
> E-mail address: rose.romero@state.nm.us

To avoid delays, ensure you are submitting the scannable or non-scannable form to the appropriate contact.

APPROVAL FOR SCANNABLE FORMS

Scannable forms may be tax year specific or continuous use. Department approval of tax year specific forms must be obtained annually after release of the final versions of the forms and prior to release and distribution of your substitute form. Continuous use scannable forms require Department approval only upon revision. Except for payment vouchers, scannable substitute forms **cannot** be submitted after January 25th or before May 28th. The Department cannot test the scannable features of the forms during this time. **Scannable payment vouchers may be submitted at any time.**

FORMS WILL BE APPROVED ONLY WHEN:
- The forms are legible and scannable;
- the appearance of the form conforms **exactly** to the specifications;
- all form text and variable fields are within the area specified;
- the 3 of 9 bar code is included when required on the form;
- the scan line is included when required on the form; and
- the vendor code and product code are included when required on the form.

Software vendors may be required to submit a *Letter of Intent*, to identify the forms intended to be included in their software package for a tax program. Once the *Letter of Intent* is submitted, the software vendor may submit the forms in a complete package or individually. If the forms are submitted individually, the Department will provide expected approval status within the timeframe for approval of the form, but the form WILL NOT be formally approved until **all** scannable forms listed for that tax program in the software developer's *Letter of Intent* have been tested and approved. Until final approval is received, the form is unapproved. If unapproved forms are released in software packages, vendors must use a visual indicator with appropriate text prominently displayed on the forms alerting the end user that the form cannot be filed. The software developer's product should also include a stern warning that the Department WILL reject any unapproved form filed. The form may be returned directly to the taxpayer. If a preparer has prepared the return, the Department may attempt to notify the preparer.

To obtain approval for a scannable substitute form; submit a cover letter that includes contact information, an e-mail address, vendor code, a list of the product(s) that will be generating the form, and a list of the submitted forms. Submissions of test forms for multiple products should be clearly segregated and identified. See the *Form Specification and Approval Procedures* document specific to the tax or fee program for specific instructions for approval of the scannable form(s). Initial approval packages are to be submitted by mail. Fax copies cannot be accepted. Generally, the Department will notify you of approval status within 10 working days of receipt on a first submission, and within 3 working days on a second submission.

IMPORTANT: Testing of scannable features through the current processing equipment may take time -- causing delays to the three-day turn-around time for second submissions. Whereas, the Department attempts to adhere to the three-day turn-around time for second submissions, if part of the testing in the second submission includes the testing of a scannable feature through the processing equipment, the test may take as much as 10 days.

The approval and testing process for tax year specific income tax forms typically begins **December 1** of the tax year. Review the *Tax Form Revision and Release Dates* document published on the Software Developer web page to obtain anticipated release dates of scannable forms. Initial submissions of test packages must be received on or before **December 20.** Allow ten days upon receipt by TRD for a response on a first submission. All re-test submissions must be received by **January 15.**

The Department does not review or approve the logic of specific software programs, nor does the Department confirm the calculations on the forms produced by these programs. The accuracy of the program remains the responsibility of the software developer, distributor or user. However, if the form is approved but a scannable feature on the form fails to follow the published specifications for the scannable feature, then the Department may rescind the approval of the software developer's forms. An example would be the scan line on the payment voucher fails to retain 60 characters or allows spaces, alpha or special characters. Another example would be if a 2D bar code allows alpha characters in a numeric-only field.

Willful noncompliance with the Department's requirements could result in the rescinding of a software developer's forms approval.

Submit scannable forms to:

> New Mexico Taxation and Revenue Department
> Revenue Processing Division
> Attention: Rose Romero
> Manuel Lujan Sr. Building
> 1200 S. St. Francis Drive
> Santa Fe, NM 87505
> Fax (505) 827-2505
> E-mail address: rose.romero@state.nm.us

The back-up contact is:

> New Mexico Taxation and Revenue Department
> Revenue Processing Division
> Attention: Gale Kessler
> Manuel Lujan Sr. Building
> 1200 S. St. Francis Drive
> Santa Fe, NM 87505
> Fax (505) 827-2505
> E-mail address: gale.kessler@state.nm.us

Please send e-mail correspondence to both Rose Romero and Gale Kessler.

LEGIBILITY AND PRINTING

All forms and variable data fields must have a high standard of legibility for printing and reproduction. The paper, ink and printing method must ensure that no part of a form develops smears or similar deterioration.

INSTRUCTION REQUIREMENTS

Any individual or business approved by the Department to develop, distribute or use New Mexico scannable and non-scannable tax forms must clearly instruct clients, customers, and users to submit quality printed forms *only*. Paper, ink, legibility, and printing standards must be included in the instructions and the user must be notified that following the standards ensures that substitute forms will be processed effectively. The instructions must also include a warning that photocopies of the forms should *not* be submitted to the Department for processing.